

Message Text

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ACTION TRSE-00

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R 091414Z JAN 76
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC 9239

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E.O. 11652: N/A
TAGS: AFIN, ABUD, PL
SUBJECT: TRAVEL FUND

REF STATE 299085

1. IN A LETTER OF JANUARY 2, 1976, THE MINISTRY OF FINANCE HAS OBJECTED TO THE DEDUCTION OF THE \$200,000.00 TRAVEL-FUND REPLENISHMENT FROM THE MARCH 1 TRACHE, CLAIMING THAT THE REPLENISHMENT OUGHT TO BE SUBTRACTED FROM A TRANCHE PAYABLE JANUARY 2. IN VIEW OF THIS OBJECTION, THEY HAD TAKEN NO ACTION ON OUR DECEMBER 18 REQUEST TO REPLENISH THE TRAVEL ACCOUNT. THE MINISTRY HAS AGREED, HOWEVER, WITH OUR CALCULATION OF THE PAYMENT DUE JANUARY 2 (\$4,490,000.00 LESS ESTIMATED 1976 TRAVEL COSTS OF \$1,300,000.00, FOR A TOTAL OF \$3,190,000.00) AND PLEDGED PROMPT PAYMENT AS WELL AS RAPID REPLENISHMENT OF THE TRAVEL ACCOUNT IN THE AMOUNT OF THE ESTIMATE.

2. AN INFORMAL EMBASSY TRANSLATION OF THE JANUARY 2, LETTER FROM THE MINISTRY OF FINANCE FOLLOWS:

BEGIN QUOTE
IN CONNECTION WITH YOUR LETTER OF DECEMBER 18, 1975, IN THE MATTER OF TRANSFERRING IN 1975 THE AMOUNT OF \$200,000.00 TO THE SPECIAL TRAVEL ACCOUNT, WHICH AMOUNT WAS TO BE DRAWN FROM THE DOLLAR TRANCHE OWED THE USG UNDER THE AGREEMENT OF FEBRUARY 15, 1958, FALLING DUE FOR PAYMENT MARCH 1, 1976, THE MINISTRY OF FINANCE

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WISHES TO ADVISE THAT IN ACCORD WITH THE AGREEMENT BETWEEN

THE GOVERNMENTS OF THE POLISH PEOPLE'S REPUBLIC AND THE UNITED STATES OF AMERICA SIGNED OCTOBER 7, 1972, IN WASHINGTON, FOR FINANCING EXPENSES FOR INTERNATIONAL TRAVEL AND TRANSPORTATION SERVICES, THE DOLLAR AMOUNT SHOULD APPROPRIATELY BE DEDUCTED FROM THE DOLLAR TRANCHE DUE THE USG UNDER THE AGREEMENT OF FEBRUARY 1, 1963.

THE DOLLAR PAYMENTS RESULTING FROM THIS AGREEMENT ARE PAYABLE JANUARY 2 OF EACH YEAR. IN CONNECTION WITH THE ABOVE, THE MINISTRY OF FINANCE TAKES THE POSITION THAT THE \$200,000 NECESSARY TO FINANCE EXPENSES FOR INTERNATIONAL TRAVEL AND TRANSPORTATION SERVICES FOR 1975 SHOULD BE DEDUCTED FROM THE DOLLAR TRANSFER OWING UNDER THE AGREEMENT OF FEBRUARY 1, 1963, IN THE AMOUNT OF 1,720 THOUSAND ZLOTYS (EMBASSY'S NOTE: SIC; THIS OBVIOUSLY SHOULD READ "DOLLARS", NOT ZLOTYS), PAYABLE ON THE DEMAND OF THE AMERICAN SIDE FROM JANUARY 2, 1976, FROM WHICH WOULD ALSO BE DEDUCTED THE AMOUNT FOR FINANCING THIS CATEGORY OF EXPENSES IN 1976.

SINCERELY,
S. KAPUSTA
DEPUTY DEPARTMENT DIRECTOR

END QUOTE.

3. THE KAPUSTA LETTER ADVANCES THE ARGUMENT MADE BY THE MINISTRY IN 1975 WHEN A MID-YEAR REPLENISHMENT OF THE TRAVEL ACCOUNT WAS NECESSARY. WHAT KAPUSTA APPARENTLY HAS IN MIND IS A RESORT TO THAT SECTION OF PARAGRAPH TWO OF THE STOESSEL-KRZAK AGREEMENT WHICH REFERS TO ADJUSTMENT QUOTE AS REQUIRED BETWEEN THE TWO GOVERNMENTS UNQUOTE FOR THE SETTLEMENT OF OVER-OFR UNDER-ESTIMATES OF FUNDS REQUIRED FOR TRAVEL. HOWEVER, DURING OUR DISCUSSIONS OF THE REPLENISHMENT, NO ONE IN THE MINISTRY HAS MENTIONED THIS SECTION OF THE AGREEMENT AS JUSTIFICATION FOR THE CLAIM THAT THE AMOUNT SHOULD BE DRAWN FOR A TRANCHE PAYABLE JANUARY 2.

4. WE BELIEVE IT IS NOW APPROPRIATE TO WITHDRAW OUR LIMITED OFFICIAL USE

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REQUEST FOR THE \$200,000.00 REPLENISHMENT OF THE TRAVEL ACCOUNT, WHILE AT THE SAME TIME RESTATING OUR CONVICTION THAT SUCH REPLENISHMENTS OUGHT TO BE DEDUCTED FROM THE TRANCHE DUE MARCH 1 OF THE SUCCEEDING YEAR. IF THE DEPARTMENT AGREES, WE PROPOSE TO SEND THE FOLLOWING LETTER TO THE MINISTRY OF FINANCE:

BEGIN QUOTE

IN VIEW OF THE FACT THAT THE SPECIAL TRAVEL ACCOUNT HAS NOW BEEN REPLENISHED WITH THE FUNDS ESTIMATED TO BE REQUIRED FOR TRAVEL IN 1976, THE EMBASSY IS WITHDRAWING ITS REQUEST OF DECEMBER 18 FOR THE TRANSFER OF \$200,000.00 FROM THE TRANCHE PAYABLE MARCH 1, 1976, UNDER THE AGREEMENT OF FEBRUARY 15, 1958, TO THE SPECIAL TRAVEL ACCOUNT.

IN RESPONSE TO YOUR LETTER OF JANUARY 2, 1976, AND AFTER CONSULTATION WITH THE DEPARTMENT OF STATE, THE EMBASSY WISHES TO REPEAT ITS UNDERSTANDING OF THE METHOD PROVIDED IN THE AGREEMENT OF OCTOBER 7, 1972, FOR ADJUSTING OVER- OR UNDER-ESTIMATES OF ACTUAL INTERNATIONAL TRAVEL EXPENSES COVERED BY THE AGREEMENT. IT IS OUR JUDGEMENT THAT, IN ACCORD WITH PARAGRAPH 2 OF THE AGREEMENT, IF THE ACTUAL AMOUNT PAID IN ANY CALENDAR YEAR EXCEEDS OR IS LESS THAN THE ESTIMATED AMOUNT SET ASIDE FOR TRAVEL, THE RESIDUAL SHOULD BE ADDED TO OR SUBTRACTED FROM THE TRANCHE DUE FOR REDEMPTION ON MARCH 1 IN THE NEXT SUCCESSIVE YEAR. END QUOTE.

5. ACTION REQUESTED:

A. PLEASE ADVISE WHETHER THE ACTION WE PROPOSE IS ACCEPTABLE, AND, IF SO, SUPPLY THE FISCAL DATA NECESSARY TO REVERSE THIS TRANSACTION IN USDO ACCOUNTS;

B. PLEASE ADVISE WHAT, IF ANY, IMPACT THE REMOVAL OF THE ZLOTY'S DESIGNATION AS AN EXCESS CURRENCY, WHICH WE UNDERSTAND MAY OCCUR IN DECEMBER, 1976, WILL HAVE ON THE STOESSEL-KRZAK AGREEMENT.

DAVIES

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